

Message Text

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FOR AMBASSADOR MOYNIHAN

E.O. 11652: N/A

TAGS: OGEN EFIN IN

SUBJECT: SECOND-DAY COVERAGE OF RUPEE AGREEMENT TESTIMONY

BEGIN SUMMARY: SECOND-DAY COVERAGE OF RUPEE AGREEMENT
TESTIMONY BEFORE HAMILTON SUBCOMMITTEE TOOK TWO SEPARATE LINES:
THE FIRST EMPHASIZED THE SHARP QUESTIONING BY CONGRESSMEN
WOLFF AND GROSS; THE SECOND LINE CENTERED ON INVESTMENT
OPPORTUNITIES IN INDIA FOR U.S. FIRMS. BLOCK QUOTES FOLLOW.
END SUMMARY.

1. KRISHAN BHATIA, HINDUSTAN TIMES: BEGIN QUOTE. THE SHARPNESS
OF SOME OF THE QUESTIONS THAT THE U.S.AMBASSADOR...HAD TO
ANSWER AND THE WASPISHNESS OF REMARKS HE HAD TO HEAR DURING HIS
CONGRESSIONAL TESTIMONY YESTERDAY FORESHADOW ROUGH GOING ON
CAPITOL HILL FOR THE RECENT INDO-U.S. AGREEMENT ON PL-480 RUPEE
FUNDS...SOME OPINIONS EXPRESSED AGAINST THE SETTLEMENT WERE
SO EXTREME THAT MR. MOYNIHAN HAD TO REMIND CONGRESSMEN THAT IF
THE ACCORD WAS REJECTED BY CONGRESS IT WOULD MEAN A SETBACK TO
INDO-US RELATIONS WHICH WERE JUST EMERGING FROM A FIVE-YEAR
PERIOD OF TENSION AND STRAIN.

THE ATTACK ON THE RUPEE AGREEMENT CAME PRINCIPALLY FROM TWO
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CONGRESSMEN, MR. WOLFF AND MR. GROSS. THEY NOT ONLY RAISED

ISSUES UNRELATED TO THE SUBJECT BUT AT TIMES DELIVERED SHORT, SHARP SPEECHES AGAINST INDIA. BOTH DESCRIBED THE AGREEMENT AS "A GIGANTIC GIVE-AWAY." ...GROSS SAID ALL THAT US HELP HAD EARNED FOR THIS COUNTRY WAS "ENMITY OF INDIA." HE TOLD MR. MOYNIHAN: "HAS NOT MRS. GANDHI ASKED US TO GET THE HELL OUT OF INDIA," BUT DID NOT WAIT TO HEAR THE AMBASSADOR'S ANSWER... HE (AMBASSADOR MOYNIHAN) WAS APPARENTLY SO OVERWHELMED BY THE UNEXPECTED FIERCENESS OF THE ATTACK THAT MR. MOYNIHAN, SELDOM AT A LOSS FOR WORDS, LET CONGRESSMAN GROSS GO UNCHALLENGED WHEN HE ASSERTED THAT THE AMBASSADOR HAD FAILED TO ASK INDIA FOR A NAVAL BASE EVEN THOUGH THE SOVIET UNION HAD BEEN GIVEN ONE. END QUOTE.

2. M.V. KAMATH, TIMES OF INDIA NEWS SERVICE: BEGIN QUOTE. A MEMBER OF THE FOREIGN AFFAIRS SUBCOMMITTEE ON NEAR EAST AND SOUTH ASIA HAS GIVEN NOTICE TO THE ADMINISTRATION THAT HE WILL INTRODUCE A SENSE OF CONGRESS" RESOLUTION TO TEST WHETHER THE PL 480 AGREEMENT...HAS THE ACCEPTANCE OF THE HOUSE OF REPRESENTATIVES. HE WAS, HOWEVER, TOLD BY THE SUBCOMMITTEE CHAIRMAN, MR. HAMILTON, YESTERDAY THAT A CONGRESSIONAL RESOLUTION WOULD NOT BE BINDING ON AN EXECUTIVE AGREEMENT AND THAT ITS ONLY EFFECT WOULD BE TO EMBARRASS THE ADMINISTRATION.

THE US AMBASSADOR...SAID THE INTRODUCTION OF SUCH A RESOLUTION WOULD BE A "HELL OF A THING TO DO AFTER 15 YEARS" OF WORKING ON A SOLUTION TO THE PL 480 ISSUE IN WHICH FOUR PRESIDENTS HAD EXPRESSED INTEREST.

THE HOPE THAT THE AGREEMENT WOULD BE APPROVED QUICKLY BY CONGRESS, HOWEVER, WAS EXPRESSED BY MR. PETER FRELINGHUYSEN WHO CONGRATULATED MR. MOYNIHAN ON HIS ABLE PRESENTATION OF THE ADMINISTRATION CASE.

FRELINGHUYSEN SAID THAT SOME "DEMAGOGUERY" WAS TO BE EXPECTED IN AN ELECTION YEAR, BUT THAT HE WOULD HOPE THAT CONGRESS WOULD NOT PUT A SPOKE IN THE EXECUTIVE WHEEL IN THIS REGARD AS IT DID IN THE MATTER OF CONTRIBUTING TO THE FOURTH REPLENISHMENT OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION.

"WE HAVE BEEN NEGATIVE IN OUR APPROACH. IF WE TORPEDO THIS ARGUMENT, WE WILL MAKE A DISASTROUS MISTAKE," MR. FRELINGHUYSEN
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SAID.

MR. MOYNIHAN QUICKLY AGREED AND SAID THAT WHILE NO DOUBT, "WE WILL GET OFF FROM THE FLOOR WITH OUR NOSE BLOODIED" IF THE AGREEMENT WAS NOT RATIFIED BY CONGRESS, IT WOULD BE QUITE A SETBACK.

OPPOSITION TO THE AGREEMENT COMES FROM A SMALL COTERIE...
LED BY MR. GROSS WHO SAID: "WHAT DO WE GET FROM THE AGREEMENT,

A LOT OF HOT AIR?... HE ADDED THAT MRS. GANDHI HAD ASKED THE USA "THE HELL TO GET OUT OF" INDIA AND THAT SHE DID NOT WANT ANY AID. INDIANS, HE SAID, WOULD BE STARVING FOR SOME TIME AND PL 480 AGREEMENT WOULD NOT END STARVATION IN INDIA.

MR. MOYNIHAN QUICKLY POINTED OUT THAT INDIANS DID NOT "RESENT" AID BUT MERELY WANTED NOT TO DEPEND FOREVER ON FOREIGN ASSISTANCE.

IT IS HOPED IN OFFICIAL CIRCLES THAT MR. GROSS DOES NOT REPRESENT A SUBSTANTIAL SEGMENT OF CONGRESSIONAL OPINION. MEANWHILE, THEY ARE KEEPING THEIR FINGERS CROSED. END QUOTE.

3. UNI IIRE COPY: BEGIN QUOTE. A NUMBER OF COMPANIES IN THE UNITED STATES ARE INTERESTED IN INVESTING IN INDIA AND THE RECENTLY NEGOTIATED AGREEMENT...OPENS THE WAY FOR EXPANDING BUSINESS AND TRADE RELATIONS BETWEEN THE TWO COUNTRIES, ACCORDING TO MR. DANIEL MOYNIHAN, US AMBASSADOR TO INDIA. THIS WOULD IN TURN CONTRIBUTE TO "ESTABLISHING A LONG-TERM MATURE RELATIONSHIP." ..." THE RUPEE PROBLEM HAS BEEN ONE OF THE STUMBLING BLOCKS IN BUSINESS EXCHANGE BETWEEN THE US AND INDIA. NOW A RELATIONSHIP CAN GROW UP OF EXCHANGE. THIS IS ALREADY HAPPENING IN FIELDS SUCH AS TEXTILES."

..." INDIA IS NOT AN UNDER-DEVELOPED COUNTRY. IT IS A POOR COUNTRY WHICH HAS AN AMAZINGLY HIGH PERCENTAGE OF SCIENTISTS AND TECHNICIANE. WE HOPE RUPEE-FINANCED PROJECTS WILL CONTRIBUTE TO IMPROVING THIS SITUATION," HE SAID.

ABOUT INDO-US RELATIONS, HE SAID "I HOPE THEY HAVE NOT JUST IMPROVED BUT ALSO MATURED." "ON THE BALANCE," HE SAID, "WHAT WE AGREE ON IS MORE THAN WHAT WE DISAGREE ABOUT." END QUOTE.

COMMENT: UNI STORY WAS BASED ON USIS-SUPPLIED MATERIAL AND UNCLASSIFIED

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WAS CARRIED IN THE MOTHERLAND, INDIAN EXPRESS, AMRITA BAZAR PATRIKA AND ANANDA BAZAR PATRIKA.SCHNEIDER

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